Essential Workers: Immigrants Are A Needed Supplement To The Native-Born Labor Force

by Rob Paral for The Immigration Policy Center

Executive Summary

- Employment in about one-third of all U.S. job categories would have contracted during the 1990s in the absence of recently arrived, noncitizen immigrant workers, even if all unemployed U.S.-born workers with recent job experience in those categories had been re-employed.
- Thirteen occupational categories collectively would have been short more than 500,000 workers during the 1990s without recently arrived noncitizen immigrant employees, even if all unemployed natives with recent experience in those categories had been re-employed.
- Eleven job categories would have seen their workforce contract by more than 7 percent during the 1990s if recently arrived noncitizens had not been available, even with re-employment of experienced natives.
- The earnings of immigrant workers rise and eventually equal or surpass those of native workers the longer the immigrants live in the United States and as they naturalize.
- Given the long-term economic success of immigrants, over-reliance on temporary worker programs may unwisely terminate the upward mobility of immigrant workers just as they begin to achieve their greatest productivity.

Introduction

More and more policymakers have come to realize that the U.S. immigration system does not adequately respond to labor shortages in the U.S. economy. However, rational reform of the system is hindered by claims that immigrants "steal" jobs from the native born and drive down wages for native workers by serving as a source of cheap labor. Proponents of restrictive immigration policies, seeking to exploit fears generated by a turbulent economy, attempt to draw parallels between the numbers of recently arrived immigrants and numbers of unemployed native-born workers. Yet the notion that every job filled by an immigrant is one less job available for a native-born worker is inherently simplistic and doesn't account for the fact that immigrants create jobs or that

unemployed natives and immigrant workers often do not compete for the same jobs.

Beyond such general considerations, data from the 2000 census permit a quantitative evaluation of the labor market impact of those immigrant workers who entered the United States in the 1990s and were still noncitizens when the census was taken. [1] It is important to consider this group of immigrants because it includes large numbers of undocumented immigrants and large numbers of legal immigrants who have relatively low levels of formal education. Both these types of immigrants compete in the low-wage portion of the economy. Policymakers rightfully worry that the presence of immigrants seeking low-wage work could have a negative impact on natives seeking the same types of jobs. The impact of noncitizen immigrants who arrived in the 1990s can be examined by comparing the numbers of these immigrants found in specific occupations to the number of unemployed natives who had recent experience working in the same occupations. Two outcomes may result from this comparison:

1. If the number of unemployed natives exceeded the number of employed recent immigrants, then one could conclude, in theory, that the immigrant workers were not necessary. Or,
2. If the number of immigrants in an occupation exceeded the number of unemployed natives, then one could conclude that there were not enough natives to fill all existing jobs. In this latter scenario, removing those immigrants from the labor force would have lead to a decline in the number of employed persons, with corresponding negative effects on the U.S. economy.

Immigrants in the U.S. Workforce

Immigrants are a critical part of the U.S. labor force. They staff software companies, hospital laboratories, and university engineering departments, as well as filling jobs in factories and fields. In 2003, the foreign born in the United States were 23 percent of production workers, 20 percent of service workers, and 12 percent of professionals. [2] Immigrants are most prominently represented in jobs at both ends of the occupational spectrum – that is, in low-skilled and high-skilled jobs – and are less prominent in jobs requiring a mid-level amount of education.

Recently arrived immigrants are a large portion of all immigrant workers. There were an estimated 33.5 million foreign-born individuals in the United States in 2003, of whom 36.6 percent – or 12.3 million – arrived during the 1990s. [3] Among these recent arrivals were 5 million undocumented immigrants, [4] representing roughly half of the current undocumented population. [5] This migratory wave included many immigrants who were low-skilled and who are the primary focus of recent legislative proposals to "regularize" the entry of immigrant workers into the United States.

Immigrant and Native Workers Are Not Simply Competitors

Some politicians and commentators claim that immigrant workers "steal" jobs from native workers, especially low-skilled jobs that would otherwise go to low-income natives who can least afford to be without employment. At a theoretical level, however, this claim may be disputed. To begin with, distinguishing between jobs merely on the basis of whether they are held by natives or immigrants ignores the fact that many "native" jobs are in immigrant-owned businesses, or are made possible by the purchasing power of immigrants. In other words, many "native" jobs wouldn’t exist if not for the presence of immigrants in the labor market.

Even if the fact that immigrants create jobs is overlooked for the sake of analysis, immigrants and natives do not always compete for the same jobs, even within the same occupation. The most obvious reason is geography: unemployed natives and immigrant workers often live in different places. An unemployed native meatpacking worker in Pennsylvania, for instance, is probably not competing for the meatpacking job held by an immigrant in Kansas. In addition, many foreign-born and native-born workers differ in their job expectations. Immigrants often have lower levels of education than U.S. natives and were raised in societies much poorer than the United States. Therefore, immigrants and natives frequently have different views as to what wages and working conditions are "acceptable." Immigrants are sometimes willing to take jobs that natives are not.

Not Enough Native-Born Workers

Leaving aside theoretical considerations, data from the 2000 census indicate that even if native workers could readily have moved to any part of the country in which jobs were available during the 1990s, and even if they had been willing to accept any job offered, there would not have been nearly enough unemployed native-born workers to fill all available jobs. This is illustrated by comparing the number of employed immigrants – specifically, the noncitizen arrivals of the 1990s – with the number of unemployed natives for each of the 471 specific occupations categorized by the U.S. Census Bureau in its Public Use Microdata Samples. The analysis includes unemployed natives who had worked in the previous five years, who constituted nine out of ten unemployed persons. If the number of employed immigrants exceeded the number of unemployed natives in a particular occupation, then there were not enough unemployed natives to fill all available jobs in 2000. It is possible that unemployed native workers might have been willing to switch occupations and take jobs in an area in which they had no experience. For example, an unemployed baker might have become a taxi driver. However, it is unlikely that many natives could have been enticed into the kinds of jobs that immigrants typically hold, such as agricultural labor.

The analysis reveals 167 job categories – or 35 percent of all job categories in the United States – in which the number of noncitizen immigrant workers who arrived in just the 1990s exceeded the number of unemployed natives with recent work experience. Table 1 presents the results of the analysis for those occupations in which the number of immigrant workers who arrived in the 1990s exceeded the number of unemployed natives by at least 20,000. Table 2 presents results for those occupations that would have experienced the greatest percentage reductions in their labor force if immigrant workers had not been present during the 1990s.

The census data indicate that recent noncitizen arrivals comprised tens of thousands of workers in many job categories in 2000. Noncitizen immigrants who came to the United States during the 1990s were 162,000 of the nation’s miscellaneous agricultural workers, 194,000 of the nation’s cooks, and 153,000

of the nation's janitors. The number of unemployed natives in these job categories was well below the number of employed immigrants, and many industries would have had substantially smaller workforces if not for immigrant workers. For example, the jobs that the native-born unemployed could not have filled accounted for 8.5 percent of all butchers and 6.6 percent of all bakers. In the case of miscellaneous agricultural workers, the 108,000 lost jobs would have represented well over one in ten workers. It is difficult to imagine how a comparable number of unemployed natives with other types of job skills could have been induced to enter agriculture, or how mechanization could have made up for this labor shortfall.

Table 1

Theoretical Worker Shortages Due to Loss of 1990s Noncitizen Arrivals

	Noncitizen Workers Who Arrived in 1990s	Unemployed Native Born	Worker Shortage if Noncitizens Discounted from Labor Force	Pct by Which the Category Would Shrink
Miscellaneous Agricultural Workers	162,082	53,690	108,392	13.4%
Maids and Housekeeping Cleaners	161,275	80,825	80,450	6.6%
Sewing Machine Operators	67,917	24,812	43,105	9.2%
Grounds Maintenance Workers	132,385	91,884	40,501	4.0%
Construction Laborers	173,874	133,802	40,072	3.2%
Other Production Workers	114,618	81,655	32,963	2.4%
Cooks	194,871	165,458	29,413	1.6%
Painters, Construction and Maintenance	69,053	42,486	26,567	4.7%
Janitors and Building Cleaners	153,872	129,074	24,798	1.2%
Butchers and Meat, Poultry, Fish Processing Worker	39,730	15,361	24,369	8.5%
Other Metal Workers and Plastic Workers	48,138	25,375	22,763	3.7%
Packers and Packagers, Hand	63,032	41,419	21,613	5.2%
Packaging and Filing Machine Operators and Tenders	44,769	23,509	21,260	6.8%

Table includes occupations without extensive formal education requirements, where net loss of workers exceeds 20,000

Persons in this table have been employed within the last five years.

A net loss of 108,000 workers would ensue in event of full native employment coupled with loss of recently arrived, noncitizen immigrant workers.

Table 2

Theoretical Worker Shortages Due to Loss of 1990s Noncitizen Arrivals

	Noncitizen Workers Who Arrived in 1990s	Unemployed Native Born	Worker Shortage if Noncitizens Discounted from Labor Force	Pct by Which the Category Would Shrink
Miscellaneous Agricultural Workers	162,082	53,690	108,392	13.4%
Miscellaneous Personal Appearance Workers	19,362	2,944	16,418	12.3%
Plasterers and Stucco Masons	7,967	2,912	5,055	11.5%
Jewelers and Precious Stone and Metal Workers	6,634	932	5,702	11.1%
Pressers, Textile, Garment, and Related Materials	15,480	6,179	9,301	10.0%
Textile Cutting Machine Setters, Operators, and Tenders	2,571	791	1,780	9.9%
Sewing Machine Operators	67,917	24,812	43,105	9.2%
Butchers and Meat, Poultry, Fish Processing Worker	39,730	15,361	24,369	8.5%
Graders and Sorters, Agricultural Products	8,111	4,552	3,559	8.0%
Tailors, Dressmakers, and Sewers	11,225	2,612	8,613	7.9%
Taxi Drivers and Chauffeurs	28,316	10,074	18,242	7.5%

Table includes occupations, without extensive formal education requirements, where loss of workers exceeds 7 percent of labor force.

Persons in this table have been employed within the last five years.

Losing recently arrived noncitizen workers while providing full employment for natives leads to net loss of 8.5 percent of butchers nationwide.

Immigrant Wages Increase Over Time

Although immigrant workers were clearly an indispensable part of the labor force in many occupations and industrial sectors during the 1990s, another key consideration is how their wages compared to those of native-born workers. If immigrant workers uniformly earned lower wages than their native-born counterparts in a particular occupation, this might imply that the presence of immigrants in the labor force undercut the earning potential of native workers. However, comparing the wages of native workers with the wages of immigrants who had been in the United States different lengths of time and who had different levels of English literacy reveals that the earning power of immigrants increased with time – and with legal status.

Table 3 uses data from the 2000 census to compare the earnings in 1999 of three groups of immigrants relative to natives: 1.) noncitizens who arrived in the 1990s, 2.) noncitizens who arrived prior to 1990, and 3.) naturalized citizens. The comparisons are made in 13 employment categories that collectively included all employed persons in the civilian labor force who had earnings in 1999.

Relative wages were lowest among recently arrived noncitizens, who included the most undocumented immigrants and presumably those with the lowest levels of English mastery. Relative wages were highest – in some cases exceeding the wages of the native born – among naturalized citizens, who must have achieved legal status and basic levels of literacy, English ability, and residency in the country.

The pattern of wage improvement holds across all employment sectors. In every employment category – even farming – immigrants earned more the longer they had lived in the country and, by implication, as they acquired legal status and mastered English. The fact that naturalized immigrants earn significantly more than noncitizens implies that legal status translates into higher wages. Immigrants with legal status are freer to move within the economy and sell their skills to the highest bidder.

Immigrants also earned more than natives in some low-skilled employment categories. Surprisingly, even recently arrived noncitizen immigrants out-earned

the native born in the category of food preparation and serving (which includes cooks, waiters, and dishwashers). This fact helps to dispel the simplistic notion that employers automatically save money by hiring immigrants instead of natives.

Table 3

Ratio of Immigrant to Native Earnings in 1999

	Noncitizens, Entered in 1990s	Noncitizens, Entered before 1990	Naturalized Immigrants
Management, business, and financial operations	0.86	0.95	1.01
Professional and related	1.00	1.14	1.25
Healthcare support	0.96	1.22	1.25
Protective service	0.50	0.63	0.91
Food preparation and serving related	1.33	1.67	1.67
Building and grounds cleaning and maintenance	0.83	1.03	1.17
Personal care and service	0.93	1.20	1.25
Sales and related	0.67	0.95	1.13
Office and administrative support	0.75	1.03	1.17
Farming, fishing, and forestry	0.67	0.87	0.93
Construction and extraction	0.57	0.89	1.00
Installation, maintenance, and repair	0.61	0.85	1.00
Production	0.60	0.79	0.91
Transportation and material moving	0.65	0.87	1.00
Total	0.62	0.92	1.08

Table includes civilian labor force employed during last five years, with earnings in 1999

Earnings increase for immigrants the longer they are in the U.S. and as they naturalize. Earnings of naturalized immigrants exceed those of natives.

Needed Workers

The United States has long depended on immigrants to compensate for shortfalls in the native-born labor force. The agricultural industry has recognized this fact for decades and relied upon immigrant workers to make up for the shortage of native workers in the fields. The Immigration Reform and Control Act (IRCA) of 1986 created the Special Agricultural Worker program for just this purpose. Other industries in the service and manufacturing sectors rely upon immigrant workers who enter the country through both temporary and permanent visas in categories

such as H2A, H2B, and third-preference employment. Organized labor also has accepted the U.S. economy's need for immigrant workers, as exemplified by AFL-CIO's shift to a pro-immigrant stance during the 1990s.

In general, U.S. immigration law has yet to fully acknowledge the economic importance of immigration to the United States. Even though immigrant workers are an essential part of the U.S. labor force, particularly in low-skilled occupations for which fewer and fewer native-born workers are available, U.S. immigration laws continue to impose arbitrary and antiquated numerical limits on how many immigrants may enter the country. These limits have repeatedly proven insufficient to meet actual labor demand, resulting in high levels of undocumented migration. U.S. industries and workers themselves (both immigrant and native) would be far better served if policymakers created a system to ensure that those immigrants who come to fill available jobs do so with legal status and the protection of tough and rigorously enforced wage and labor laws.

President Bush has proposed granting a temporary status to immigrant workers, who would have to leave the United States after a three-year or six-year stay. Although this idea is a useful beginning in the debate over immigration reform, the data in this report suggest that relying exclusively on a temporary worker program may be ill-advised. Immigrants improve their economic status the longer they reside in the United States and as they acquire levels of English proficiency and education associated with the requirements for naturalization. The benefits of this upward economic mobility would be limited under a system that heavily favored temporary workers and that required immigrants to leave the country after a few years. Realizing the full potential of immigrant workers and their contributions to the U.S. economy will require a comprehensive approach that includes improved legal pathways for permanent immigration.

Endnotes

[1]The universe of persons in this report includes those individuals in the civilian labor force in 2000 who were either employed or were unemployed but had been

employed in the previous five years. Among the unemployed, these persons accounted for 87 percent of the total unemployed population. Data are not available on the types of occupations held by persons unemployed for more than five years. If it were possible to assign these long-term unemployed workers to occupations and include them in the analysis, it would decrease the shortfall of workers resulting from the removal of recent noncitizen arrivals from the labor force. However, the analysis could also remove noncitizens who arrived before 1990, which in turn would increase the shortfall of workers.

[2] Bureau of Labor Statistics, Economic News Release: "Labor Force Characteristics of Foreign-Born Workers in 2003," Table 4: "Employed foreign-born and native-born persons 16 years and over by occupation and sex, 2003 annual averages," December 1, 2004.

[3] Luke J. Larsen, *The Foreign-Born Population in the United States: 2003*, Current Population Reports, P20-551. Washington, DC: U.S. Census Bureau, August 2004.

[4] Jeffrey Passel, *New Estimates of the Undocumented Population in the United States*. Washington, DC: Migration Policy Institute, May 22, 2002.

[5] Jeffrey S. Passel, *Estimates of the Size and Characteristics of the Undocumented Population*. Washington, DC: Pew Hispanic Center, March 21, 2005.

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